



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	SB0362	Title:	Revise deposit of protested centrally assessed property tax payment
Primary Sponsor:	Ripley, Rick	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
General Fund - unreserved	\$0	\$0	\$0	\$0
General Fund - reserved	\$0	\$0	(\$521,500)	(\$1,043,000)
SSSRA - Univ Protest Account	\$0	\$0	(\$32,724)	(\$65,447)
Revenue:				
General Fund (01) (unreserved)	(\$521,500)	(\$1,043,000)	\$0	\$0
GF Protest Account (01) (reserved)	(\$521,500)	(\$1,043,000)	(\$1,043,000)	(\$1,043,000)
SSRA Univesity Fund (02)	(\$32,724)	(\$65,447)	\$0	\$0
SSRA Univ Protest Account (02)	(\$32,724)	(\$65,447)	(\$65,447)	(\$65,447)
Net Impact-General Fund Balance:	<u>(\$521,500)</u>	<u>(\$1,043,000)</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: This bill seeks to eliminate the requirement that county treasurers must remit property tax payments made under protest by centrally assessed companies to the Department of Revenue. Protested taxes will remain with the county that collected them until the case is settled.

FISCAL ANALYSIS

Assumptions:

Department of Revenue

- Under current law, 50% of the general fund portion of protested taxes remitted by the counties must be deposited in a centrally assessed protested property taxes state special revenue fund. Similarly, 50% of the property taxes levied for the state general fund must be deposited in a centrally assessed protested

property taxes state special revenue fund. If this legislation is successful, no protested funds would be deposited in these two accounts after December 31, 2009. Protested tax payments would be remitted from the counties to the state when the action (the protest) is finally determined.

2. The amounts due from centrally assessed companies are normally protested by payments which according to current law are half due in November and half in May. This fiscal note assumes companies will continue to protest each payment due and that equal amounts are due in November and May.
3. Over the biennium, the HJR2 forecast anticipated general fund protested tax deposits of \$1.043 million per year and university protested tax deposits of \$0.065 million per year. This fiscal note assumes similar amounts would be deposited in FY 2012 and FY 2013.
4. Every year, protested tax disputes are settled and monies are refunded from the protested fund accounts and the state share is reclassified as settled property taxes into the general fund and the university special revenue account. In FY 2008, \$6,326,010 was paid from the protested accounts into the general fund. In FY 2008, \$399,372 was paid from the protested accounts into the university special revenue account.
5. This fiscal note assumes it takes two full years until a protest is settled. For example, protests in TY 2010 would not be received until TY 2013. Because there is existing review in the protested accounts at the state level, this fiscal note assumes it will take one fiscal year for these protested accounts to be settled and the funds reclassified from the protested accounts into the state general fund and university special revenue accounts. This fiscal note assumes the money remitted upon settlements is in equal amounts monthly.
6. The following tables provide the revenue flow under current law and the estimated revenue impact under SB 362:

Current Law - Estimated Protested Taxes (millions)

Jurisdiction/Deposit	FY 2010	FY 2011	FY 2012	FY 2013
Deposits to State General Fund (unrestricted)- Protested Taxes received from Counties	\$1,043,000	\$1,043,000	\$1,043,000	\$1,043,000
Deposits to State General Fund Protest Account - from Counties	\$1,043,000	\$1,043,000	\$1,043,000	\$1,043,000
Deposits to 6 Mill Special Revenue Account (unrestricted) Protested Taxes from Counties	\$65,447	\$65,447	\$65,447	\$65,447
Deposit to 6 Mill Special Revenue Protested Account Protest Account - from Counties	\$65,447	\$65,447	\$65,447	\$65,447
Settlements -State General Fund Protest Account to State General Fund	\$1,043,000	\$1,043,000	\$1,043,000	\$1,043,000
Settlements -University 6 Mill Protest Account to University Special Revenue Account	\$130,894	\$130,894	\$130,894	\$130,894

SB 362- Estimated Protested Taxes (millions)

Jurisdiction	FY 2010	FY 2011	FY 2012	FY 2013
Deposits to State General Fund (unrestricted)- Protested Taxes received from Counties	\$521,500	\$0	\$1,043,000	\$2,086,000
Deposits to State General Fund Protest Account - from Counties	\$521,500	\$0	\$0	\$0
Deposits to 6 Mill Special Revenue Account (Unrestricted) Protested Taxes from Counties	\$32,724	\$0	\$65,447	\$130,894
Deposit to 6 Mill Special Revenue Protested Account Protest Account - from Counties	\$32,724	\$0	\$0	\$0
Settlements -State General Fund Protest Account to State General Fund	\$1,043,000	\$1,043,000	\$521,500	\$0
Settlements -University 6 Mill Protest Account to University Special Revenue Account	\$130,894	\$130,894	\$65,447	\$0

SB 362-Difference in Protested Taxes (millions) Received by the State

Jurisdiction	FY 2010	FY 2011	FY 2012	FY 2013
Deposits to State General Fund (unrestricted)- Protested Taxes received from Counties	(\$521,500)	(\$1,043,000)	\$0	\$1,043,000
Deposits to State General Fund Protest Account - from Counties	(\$521,500)	(\$1,043,000)	(\$1,043,000)	(\$1,043,000)
Deposits to 6 Mill Special Revenue Account (Unrestricted) Protested Taxes from Counties	(\$32,724)	(\$65,447)	\$0	\$65,447
Deposit to 6 Mill Special Revenue Protested Account Protest Account - from Counties	(\$32,724)	(\$65,447)	(\$65,447)	(\$65,447)
Settlements -State General Fund Protest Account to State General Fund	\$0	\$0	(\$521,500)	(\$1,043,000)
Settlements -University 6 Mill Protest Account to University Special Revenue Account	\$0	\$0	(\$65,447)	(\$130,894)

7. The Department does not anticipate any impact to expenditures from this legislation.

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<u>Fiscal Impact:</u>				
Department of Revenue				
<u>Expenditures:</u>				
Transfers	\$0	\$0	(\$554,224)	(\$1,108,447)
<u>Funding of Expenditures:</u>				
GF Protest Account (01) (reserved	\$0	\$0	(\$521,500)	(\$1,043,000)
State Special Revenue (02)	\$0	\$0	(\$32,724)	(\$65,447)
TOTAL Funding of Exp.	<u>\$0</u>	<u>\$0</u>	<u>(\$554,224)</u>	<u>(\$1,108,447)</u>
<u>Revenues:</u>				
General Fund (01)	(\$521,500)	(\$1,043,000)	\$0	\$0
GF Protest Account (01) (reserved	(\$521,500)	(\$1,043,000)	(\$1,043,000)	(\$1,043,000)
SSRA Univesity Fund (02)	(\$32,724)	(\$65,447)	\$0	\$0
SSRA Univ Protest Account (02)	(\$32,724)	(\$65,447)	(\$65,447)	(\$65,447)
TOTAL Revenues	<u>(\$1,108,448)</u>	<u>(\$2,216,894)</u>	<u>(\$1,108,447)</u>	<u>(\$1,108,447)</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$521,500)	(\$1,043,000)	\$0	\$0
GF Protest Account (01) (reserved	(\$521,500)	(\$1,043,000)	(\$521,500)	\$0
SSRA Univesity Fund (02)	(\$32,724)	(\$65,447)	\$0	\$0
SSRA Univ Protest Account (02)	(\$32,724)	(\$65,447)	(\$32,724)	\$0

Long-term Impacts:

1. Over the long-term the net impact to the state general fund should be zero.

Effect on County or Other Local Revenues or Expenditures:

2. This bill would provide a significant revenue increase in the first year to local governments. Counties would need to retain enough funds to remit the state share when protests are settled.

Sponsor's Initials

Date

Budget Director's Initials

Date